

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: §
§ **Chapter 11**
W.R. GRACE & CO., et al § **Jointly Administered**
§ **Case No. 01-1139 (JJF)**
Debtors §

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF PROTIVITI, INC.
FOR THE ELEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Application of Protiviti, Inc. for the Eleventh Interim Period (the "Application").

BACKGROUND

1. Protiviti, Inc. (Protiviti) was retained as Sarbanes Oxley compliance advisors for the Debtors. In the Application, Protiviti seeks approval of fees totaling \$141,052.50 and expenses totaling \$8,218.79 for its services from October 1, 2003, through December 31, 2003.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of

Delaware, and the Third Circuit Court of Appeals. We served on Protiviti an initial report based on our review, and received a response from Protiviti, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted a lodging expense for Kevin Strickler which may be excessive. The entry is provided below.

26-Sep-03	Lodging at the Holiday Inn, Toluca during pilot	\$470.00
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Paragraph II.E.1.of the Guidelines states, “. . .[f]actors relevant to a determination that the expense is proper include the following: 1. Whether the expense is reasonable and economical. For example, first class and other luxurious travel mode or accommodations will normally be objectionable.” We suggest a reasonable ceiling of \$250.00 (\$300.00 for New York, San Francisco and certain foreign cities) per night for hotel accommodations. We asked Protiviti to provide the number of nights represented by the expense entry. Protiviti responded as follows:

The explanation for this expense in the fee application may not have been complete. This lodging expense is for a period of five (5) nights, not one. The average cost per night at this hotel was \$94.00 USD.

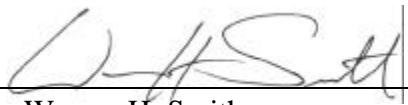
We appreciate the response and offer no objection to this expense.

CONCLUSION

4. Thus, we recommend approval of fees totaling \$141,052.50 and expenses totaling \$8,218.79 for Protiviti’s services from October 1, 2003, through December 31, 2003.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES

By: 

Warren H. Smith

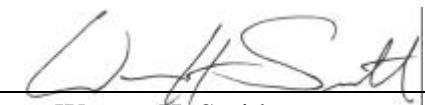
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 24th day of May, 2004.


Warren H. Smith

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